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Summary record of the 39th meeting
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Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10 a.m.

Agenda item 113: Programme budget for the biennium 1998–1999 (*continued*)

First performance report (A/53/7/Add.8 and A/53/693)

1. **Mr. Halbwachs** (Controller), introducing the first performance report of the Secretary-General (A/53/693), said that the report was basically a technical document designed to identify the adjustments required in the initial appropriations for the biennium. As shown in the table in paragraph 3, the factors mentioned in paragraphs 1 and 2 would result in a net reduction under expenditure of $48.2 million and a net reduction under income of $4.5 million. A full breakdown and an explanation of the figures was given in paragraphs 17–24. Other factors would be taken into account in the revised appropriations, in other words in all the revised estimates and statements of programme budget implications considered by the Committee.

2. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of ACABQ on the first performance report (A/53/7/Add.8), drew the Committee's attention to paragraph 8, which contained the Advisory Committee's views on vacancy rates and the explanation provided by the Secretary-General in paragraph 24 of his report. The Advisory Committee recalled that, in section II, paragraph 23 of resolution 52/220, the General Assembly had reaffirmed that the vacancy rate was a tool for budgetary calculations and should not be used to achieve budgetary savings. In paragraph 14, the Advisory Committee recommended approval of the revised requirements, set at $2,484,130,300 under the expenditure sections and $359,287,800 under the income sections, resulting in net revised requirements of $2,124,842,500.

3. **Mr. Ivaschenko** (Ukraine) referred to the decision by the General Assembly, in resolution 52/220, to provide an additional $500,000 for the Office of the President of the General Assembly within the programme budget for the biennium 1998–1999. He pointed out that that amount was intended to supplement and not replace the level of financial support normally provided to the Office of the President.

4. His delegation was disappointed at the Secretariat's interpretation of the relevant provisions of that resolution. Despite the fact that the supplementary funds were intended to be utilized on a basis determined in consultation with the President of the General Assembly, there had been a number of misunderstandings during the fifty-second session between the Office of the President and the Secretariat. His delegation had been surprised that, having paid the official travel costs of the President of the General Assembly at its fifty-second session, the Secretariat had refused to reimburse his return travel costs on his departure from New York at the end of his tenure.

5. He requested the Secretariat to provide his delegation with detailed written information on how the supplementary funds allocated to the Office of the President of the General Assembly under resolution 52/220 had been utilized, and suggested that the General Assembly should give clear guidance to the Secretariat concerning the utilization of those funds in the future.

Impact of the implementation of pilot projects on budgetary practices and procedures (A/52/852)

6. **Mr. Dossal** (Director of the Management Policy Office), introducing the note by the Secretary-General on the impact of the implementation of pilot projects on budgetary practices and procedures (A/52/852), said that the Secretariat had initially suggested that three pilot projects on delegation of authority should be carried out. As a result of the Committee's deliberations and following a further review, the Secretary-General had decided to introduce only one such project, in the Economic Commission for Latin America and the Caribbean (ECLAC), which would concentrate mainly on the simplification of recruitment procedures. The pilot project had, in fact, produced some reduction in the time taken to recruit staff. Progress would be reviewed at a later date, and the Secretary-General would then report back to the Committee on any further action to be taken.

7. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had noted that the exercise was not completed and that the Secretary-General would be reporting back to the Fifth Committee. It had reviewed the Secretary-General's note and concluded that the information contained therein was not sufficiently developed to enable the Advisory Committee to evaluate the results of the pilot project and report on it to the General Assembly. It would return to the subject in connection with the programme budget proposals for the biennium 2000–2001 at its spring session in 1999.

8. **Ms. Buergo Rodríguez** (Cuba) said that she was dissatisfied with the Secretary-General's report, which provided little substantive information on the subject. She noted that the other pilot projects in conference services in

Vienna had been abandoned, leaving only the ECLAC project.

9. At its latest session, ECLAC had not given its final approval to the pilot project. Furthermore, the question of delegation of authority was also being considered by the General Assembly under the item on human resources management. Both those points should have been taken into account in the evaluation of the status of the pilot project. In the light of the comments of the Chairman of the Advisory Committee, the question should remain on the Committee's agenda with a view to evaluation of the pilot project after ECLAC had taken a final decision.

10. Her delegation wished to draw attention to an undesirable practice which had arisen over the past few days because of time constraints and the poor organization of the Committee's work, namely, the submission of ACABQ reports orally. The Fifth Committee should take a formal decision that such reports should be submitted in writing.

11. **Mr. Jara** (Chile) said that his delegation would have preferred a fuller report and looked forward to the promised additional information. It was clear from resolution 52/220 that the General Assembly wanted to put part of the responsibility for the pilot project in the hands of the ECLAC countries. At the session referred to by the representative of Cuba, ECLAC had recommended, in its resolution 565 (XXVII), that the Commission should continue to apply the reform measures along the lines indicated in the note by the secretariat entitled "Reform of the ECLAC management scheme: delegation of authority and accountability", bearing fully in mind the relevant paragraphs of General Assembly resolutions 52/212 B and 52/220. The matter must clearly remain on the Committee's agenda until ECLAC had taken a final decision on the pilot project.

12. **The Chairman** suggested that the Committee might recommend that the General Assembly should take note of the note by the Secretary-General (A/52/852) and endorse the observations and recommendations of the Advisory Committee.

13. **Mr. Mokteli** (Algeria) said that, in view of the comments made by the Chairman of the Advisory Committee and the fact that ECLAC had not yet taken a final decision, the Secretary-General's note should remain under consideration. It was his delegation's formal position that it was unable to take note of the note by the Secretary-General at the current session.

14. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that, in the light of the comments made by the representative of the Secretary-General and of his own comments, the Committee could recommend that the General Assembly should defer its consideration of the matter pending receipt of additional information from the Secretariat and the further comments of the Advisory Committee.

15. **Ms. Buergo Rodríguez** (Cuba) agreed that the General Assembly should defer further consideration of the matter.

16. **Mr. Armitage** (Australia) said that the Committee itself could take note of the Secretary-General's report and the comments of the Advisory Committee and decide to resume its consideration of the matter at a later date.

17. **The Chairman** said he took it that the Committee wished to defer its decision on the matter.

18. *It was so decided.*

Net budgeting, including its impact on the functioning of the entities concerned (A/53/410)

19. **Mr. Halbwachs** (Controller) said that the brevity of the Secretary-General's report on net budgeting, including its impact on the functioning of the entities concerned (A/53/410), reflected the fact that the change from gross to net budgeting had been very smooth and had had no impact on the operations of those entities previously budgeted on a gross basis.

20. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee agreed with the Secretary-General that the General Assembly should take note of the report. The Advisory Committee would examine the Organization's experience with net budgeting in the context of its review of the proposed programme budget for the biennium 2000–2001.

21. **The Chairman** suggested that the Committee should recommend that the General Assembly should take note of the report of the Secretary-General on net budgeting, including its impact on the functioning of the entities concerned (A/53/410), and endorse the observations of the Advisory Committee.

22. *It was so decided.*

Programme budget implications of draft resolution A/53/L.57 concerning agenda item 43 (A/53/723; A/C.5/53/39)

23. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the Advisory Committee's report (A/53/723) on the statement

submitted by the Secretary-General on the programme budget implications of draft resolution A/53/L.57 (A/C.5/53/39). Should the General Assembly adopt draft resolution A/53/L.57, the joint participation of the United Nations with the Organization of American States in the International Civilian Mission in Haiti (MICIVIH) would be renewed and the mandate of the United Nations component of the Mission would be extended until 31 December 1999. The Secretary-General estimated that requirements for the period from 1 January to 31 December 1999 would amount to $8,468,800 gross. That amount would be partially offset by the unencumbered balance of $1,747,600 from the appropriation granted by the General Assembly for the Mission's activities during the period from 1 January to 31 December 1998. The net additional requirements would therefore amount to approximately $5.9 million. The Advisory Committee's recommendation was contained in paragraph 7 of its report.

24. **The Chairman** suggested that, as recommended by the Advisory Committee, the Fifth Committee should inform the General Assembly that, should it adopt draft resolution A/53/L.57, an additional appropriation of $5,919,800 would be required under section 3, Peacekeeping operations and special missions, of the programme budget for the biennium 1998–1999. An additional appropriation of $849,800 would also be required under section 32, Staff assessment, to be offset by a corresponding amount under income section 1, Income from staff assessment.

25. *It was so decided.*

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (continued)

Proposed programme budget outline for the biennium 2000–2001 (A/53/16 (Part two, chap. II), A/53/220* and A/53/718)

26. **Mr. Halbwachs** (Controller) said that the report of the Secretary-General on the proposed programme budget outline for the biennium 2000–2001 (A/53/220*) contained information on the four elements stipulated in General Assembly resolution 41/213, annex I, paragraph 1. The first element was addressed in paragraphs 2 to 9, which gave a preliminary estimate of resources to accommodate the proposed programme of activities during the biennium. As shown in the table in paragraph 2, the Secretariat had arrived at that estimate by identifying additions to and deductions from the current level of appropriations; details on those additions and deductions were provided in paragraphs 3 to 9. He drew particular attention to the deduction of the provision for special political missions and to the discussion of that deduction in paragraphs 4 and 5.

27. The second element specified in General Assembly resolution 41/213 was addressed in paragraph 10, which proposed that the priorities to be reflected in the programme budget for the biennium 2000–2001 should be the same as those reflected in the budget for the biennium 1998–1999 and in the medium-term plan for the period 1998–2001. Paragraph 11 addressed the third element by indicating that the preliminary estimate represented a decrease of $63.8 million compared with the previous budget, for a negative real growth rate of -2.5 per cent. However, because special political missions would have to be financed even though the provision made for such missions had been deducted for the purposes of the preliminary estimate, the real growth rate actually experienced by the Organization would not be negative. Paragraph 12 dealt with the size of the contingency fund, which was the fourth element to be addressed. The Secretary-General proposed that the current level of 0.75 per cent of the overall level of resources for the outline should be maintained. In general, delegations should bear in mind that the proposed programme budget outline was presented at a very high level of aggregation and that specific information on the programme budget to be proposed for the biennium 2000–2001 could not be provided at the current stage.

28. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/53/718), said that the treatment of special political missions in the proposed programme budget outline was dealt with in paragraph 4 of the report. Currently, the requirements for such missions were estimated at $112 million for the biennium 2000–2001. In the light of some of the decisions taken since the biennium 1996–1997 on expenditure for special missions, the Fifth Committee must decide how to finance those potential requirements. The Advisory Committee had already expressed the view, in document A/52/7/Add.2, that such expenditures should be included in the budget outline.

29. If the estimated requirement of $112.6 million was excluded from the outline, the preliminary estimate of overall resource requirements would be $2,439 million at 1998–1999 rates. If that amount was included in the outline, the preliminary estimate proposed by the Secretary-General should be revised upwards to $2,568.8 million, as recommended in paragraph 10 of the Advisory Committee's report. Additional requirements for special missions would continue to be handled in accordance with General Assembly resolution 41/213. Since the outline was not a proposed budget, it was not possible to add the $112.6 million to the

outline on the understanding that the amount would be partially or fully absorbed. The extent to which efficiency measures could absorb additional expenditure could only be determined in the preparation and implementation of the budget. The Advisory Committee therefore did not recommend that the outline should identify $20 million in compensating economies to absorb the estimated $20 million that would be required for conferences and other activities.

30. Although he had indicated, at the Fifth Committee's 37th meeting, that he would present the Advisory Committee's report on the proposed programme budget outline in conjunction with its comments on the Secretary-General's report on the relationship between the treatment of perennial activities in the programme budget and the use of the contingency fund (A/C.5/52/42), he had been unable to do so because the Advisory Committee had decided to report separately. It was still awaiting additional information from the Secretariat regarding the latter subject.

31. **Mr. Manz** (Austria), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Poland, Romania and Slovakia, and, in addition, Iceland and Liechtenstein, said that, since the adoption of General Assembly resolution 41/213, which had introduced the concept of an outline of the programme budget to indicate, *inter alia*, the preliminary estimate of resources to accommodate the proposed programme of activities during a budget biennium, the budget outline had been a pillar in the budgetary process. For that reason, the European Union attached great importance to the report of the Secretary-General (A/53/220*).

32. Reform should not necessarily mean a reduction in the budget but should result in the strengthening of the Organization's capability to meet all its challenges. The Secretary-General's determined approach to budgetary discipline in an effort to improve the efficiency and effectiveness of the United Nations in a more results-oriented manner was therefore to be welcomed.

33. Noting that the Secretary-General's preliminary estimate of resources for the biennium 2000–2001 did not contain provisions for special missions funded in the current budget and not mandated for the next budget biennium, he said that the European Union believed, as a general principle, that there should be a provision for special missions in the budget outline. The European Union therefore agreed with the recommendation of the Advisory Committee, in paragraph 7 of its earlier report (A/52/7/Add.2), as reiterated in paragraph 4 of its subsequent report (A/53/718), that the Secretary-General should make provision in the outline for expenditure for missions related to peace and security that were expected to be extended or approved during the course of the biennium. Additional requirements would have to be dealt with in accordance with General Assembly resolution 41/213, as recommended by the Advisory Committee.

34. The European Union endorsed the Secretary-General's proposal that the programme budget for the biennium 2000–2001 should reflect the priorities contained in the medium-term plan for the period 1998–2001 and the programme budget for the biennium 1998–1999. It also believed that there was a need to safeguard priority areas within the programme budget, and in particular to allocate a greater proportion of regular budget resources to such areas as peacekeeping, human rights and humanitarian affairs.

35. **Mr. Tommo Monthe** (Cameroon) said that, despite the efforts that had been made in recent years to introduce a new and generally acceptable budgetary process, the Organization continued to face a difficult financial situation and that, in view of the more or less permanent crisis, there was reason to doubt whether the situation was, indeed, due to the lack of reforms, as had frequently been claimed prior to the adoption of resolution 41/213.

36. Now that the special political missions mandated during the biennium seemed certain to continue, his delegation believed that it would be prudent to include them in the outline, and it agreed with the recommendation of the Advisory Committee on that matter.

37. Referring to the $20 million in compensating economies mentioned in the table in paragraph 2 and paragraph 7 of the Secretary-General's report (A/53/220*), he said that his delegation agreed with the statement in paragraph 7 of the ACABQ report (A/53/718) that that figure was rather arbitrary. His delegation endorsed the Advisory Committee's opinion that the amount of savings should not be defined in advance.

38. On the question of priorities, his delegation supported those identified by the Secretary-General in paragraph 10 of his report and endorsed by the Committee for Programme and Coordination (CPC) in its report on the work of its thirty-eighth session (A/53/16). In particular, his delegation wished to insist on the priority of the promotion of international peace and security, the promotion of sustainable development, the economic situation and the development of Africa, and human rights, particularly in their economic and social aspects.

39. Referring to the rate of growth, which was either negative or close to zero, his delegation wished to emphasize

the incalculable impact of negative growth on the programmes, staff and operational activities of the Organization. If that tendency were to continue, the Organization would not be in a position to meet the challenges of the twenty-first century.

40. With respect to the contingency fund, his delegation supported the 0.75 per cent rate proposed by the Secretary-General. As ACABQ pointed out in paragraph 8 of its report, the fund should be brought to the attention of governing bodies so that it could be effectively and fully utilized.

41. On the subject of the preliminary indicative estimates for the biennium 2000–2001 contained in the annex to the Secretary-General's report (A/53/220*), he said that his delegation attached particular importance to some of the activities listed. In the field of political affairs, peacekeeping missions, in particular, deserved adequate funding. In connection with economic cooperation, the regional commissions — above all, the Economic Commission for Africa — and the development of Africa, which was a priority identified by the General Assembly, deserved particular attention in the allocation of resources. Similarly, with regard to public information, priority should be given to programmes to create an awareness of the critical economic situation of Africa, and the United Nations information centres, in particular those in developing countries — above all in Africa — should no longer be regarded as the poor relations. In the field of administration and management, greater attention should be given to the problems of training, and also to those of the maintenance of premises where any neglect might entail higher expenditure in the future. Finally, the promotion and maintenance of peace and disarmament, particularly in Africa, deserved adequate budgetary and extrabudgetary resources.

Guidelines for internal control standards (continued) (A/52/867; A/53/508)

42. **The Chairman** suggested that the Committee should recommend that the General Assembly should take note of the report of the Secretary-General on guidelines for internal control standards (A/52/867) and should endorse the observations and recommendations of the Advisory Committee thereon, contained in document A/53/508.

43. **Mr. Repasch** (United States of America) said that his delegation had some additional questions on the matter under consideration, some of which had been raised in a formal meeting of the Fifth Committee in connection with the reports of the Board of Auditors. Since some of those queries were still outstanding, he would prefer to postpone a decision on the matter.

44. **The Chairman** said that the Committee would revert to the subject at a later stage.

Other matters

45. **The Chairman** said that he wished to extend a sincere apology, on behalf of the Bureau and on his own behalf, to the Chilean delegation for having inadvertently failed to apprise it of the Bureau's intentions with respect to the coordination of informal consultations on results-based budgeting. In that connection, he informed the Committee that he would coordinate the consultations on that item the following week.

46. **Ms. Buergo Rodríguez** (Cuba) said that her delegation was very concerned about the Advisory Committee's presentation of some of its reports orally instead of in document form. The Advisory Committee surely could have prepared a one-page report on topics such as pilot projects and net budgeting. She hoped that the Fifth Committee could take a decision in the coming days to the effect that all the Advisory Committee's reports should be presented in the form of documents.

47. **The Chairman** said that, since the Chairman of the Advisory Committee was no longer in the conference room, he should be requested to express his views on the subject at the Committee's next formal meeting.

48. **Ms. Buergo Rodríguez** (Cuba), supported by **Ms. Incera** (Costa Rica), said that, since the Advisory Committee reported to the General Assembly, it was for the latter to decide how those reports should be submitted.

49. **Mr. Darwish** (Egypt) said that, in informal consultations on the work of the Fifth Committee, the Chairman of the Advisory Committee had announced that he would present oral reports on certain matters which were not controversial. The Chairman of the Fifth Committee should convey to the Chairman of the Advisory Committee the wishes of the Cuban, Costa Rican and Egyptian delegations concerning the presentation of reports.

50. **Mr. Atiyanto** (Indonesia) said that, in the interest of fairness, the Committee should hear the views of the Chairman of the Advisory Committee. It could then take a well-considered decision on the subject.

51. **The Chairman** said that, as a matter of courtesy, the Committee should invite the Chairman of the Advisory Committee to respond to the concerns that had been expressed. The Committee would then be free to take any decision it wished on the subject.

The meeting rose at 11.40 a.m.